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## **GEO Group Ups Guidance on Indiana Deal**

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The GEO Group Inc., provider of correctional and detention services for government agencies, on Tuesday raised its quarterly and annual outlooks after signing a contract with the Indiana Department of Correction.

The agreement is to house up to 1,260 additional inmates at the state's New Castle Correctional Facility in New Castle, Ind. GEO currently provides services for more than 1,000 inmates at the jail.

It is a one-year contract with three one-year extensions.

The company said it expects the deal to be worth \$11 million in 2007 and about \$16 million in revenue yearly after that.

GEO expects a startup charge of a penny a share in the first quarter, along with \$2 million in additional revenue in the second quarter, plus another penny per share in startup expenses.

GEO raised its third-quarter guidance by 3 cents per share based on the deal. It now expects earnings between 53 cents and 57 cents per share, excluding 5 cents per share in startup expenses.

It sees its third-quarter operating revenue between \$228 million and \$233 million.

Analysts polled by Thomson Financial expect net income of 55 cents on revenue of \$235.8 million for the quarter.

For the fourth-quarter, GEO raised earnings guidance by 3 cents to a range between 59 cents and 64 cents. Operating revenue is expected to be between \$234 million and \$239 million.

Analysts expect earnings of 60 cents per share on revenue of \$247.6 million.

For the full year, GEO now estimates earnings between \$1.96 and \$2.11, excluding 14 cents in start up charges, and revenue between \$900 million and \$920 million.

Analysts see a profit of \$2.02 on revenue of \$942.7 million.

GEO shares rose 84 cents to \$47.25 in morning trading on the New York Stock Exchange.

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